



Executive Office

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November 23, 2004

Gladys Stone
Major Accounts Manager
Western Health Advantage
1331 Garden Highway, Suite 100
Sacramento, CA 95833

SUBJECT: Formulary Safety

Dear Gladys:

I am writing to express our concern about recent reports that imply that certain unsafe prescription drugs have been and continue to be made available to the public. CalPERS relies on our plan partners to ensure the safety and efficacy of the prescription drugs that are dispensed to our members.

As you are aware, the Senate held hearings last week on the withdrawal of Vioxx by Merck. In addition, the following five drugs were also cited by an expert as remaining on the market despite safety concerns:

- Accutane
- Crestor
- Meridia
- Serevent
- Bextra

CalPERS will need to respond to questions from members and the Board of Administration on what protective measures have been put into place.

Please explain what measures you have taken to ensure that the appropriate precautions have been implemented to protect our members. If any of the drugs in question are part of your formulary, please objectively support why you believe your formulary to be safe. Your immediate response is requested.

Sincerely,

Jarvio A. Grevious
Assistant Executive Officer
Health Benefits

cc: Sean Harrigan, President, Board of Administration
Fred Buenrostro, CEO
Peter Mixon, Chief Counsel